



California
Environmental
Protection
Agency

Integrated
Waste
Management
Board

8800 Cal Center Drive
Sacramento, CA 95826
(916) 255-2200

November 14, 1997

Mr. Charles A. White, P.E.
Director of Regulatory Affairs
Waste Management/West
WMX Technologies, Inc.
915 L Street, Suite 1430
Sacramento, California 95814

RE: Insurance for Closure and Postclosure Financial Assurances

Dear Mr. White:

Thank you for meeting with my staff and myself to discuss the outcome of the discussions between the California Integrated Waste Management Board's (CIWMB's) Financial Assurances Section (FAS) and the California Department of Insurance (CDI) regarding captive insurers. I assured you during our meeting that I would send you a letter detailing our position.

In my correspondence of July 15, 1997, WMX Technologies, Inc. (WMI) was allowed to temporarily continue utilizing National Guaranty Insurance Company (NGIC) as WMI's provider of closure and postclosure maintenance financial assurances for WMI's California facilities. The allowance to utilize NGIC, as currently demonstrated, was extended only until staff was able to contact and meet with legal counsel from CDI to discuss captive insurers.

Pursuant to our discussions with CDI, and as I related to you in our meeting, this approval of WMI's continued use of NGIC must now be withdrawn. WMI must provide alternate financial assurance demonstrations to the CIWMB for WMI's California facilities within 60 days after receiving today's notice from this office.

If you have any questions regarding this letter, or the financial assurance requirements, please call Garth Adams of the Financial Assurances Section at (916) 255-4063.

Sincerely,

Dorothy Rice
Deputy Director
Permitting and Enforcement Division



Waste Management™

Government Affairs
915 L Street, Suite 1430
Sacramento, CA 95814

Phone 916.448.4675
Fax 916.448.2470

December 10, 1997

Dorothy Rice, Deputy Director
Permitting and Enforcement Division
California Integrated Waste Management Board
8800 Cal Center Drive
Sacramento, CA 95826

Facsimile: (916) 255-4073

SUBJECT: Insurance for Closure and Post-Closure Financial Assurances

Dear Dorothy,

Thank you for the opportunity to continue our ongoing discussions regarding Waste Management's use of insurance as a mechanism to provide financial assurance for solid waste facility closure and post-closure care (as well as for "reasonably foreseeable" corrective action) pursuant to California statutes and regulations. On November 17, 1997 we received your letter of November 14, 1997 notifying Waste Management of the withdrawal of your approval to continue using our insurance company, National Guaranty Insurance Company (NGIC), in the absence of approval of this mechanism by the California Department of Insurance (DOI) pursuant to 27 CCR 22248. Your letter provided us with 60 days from the date of receipt of that letter (that is, January 17, 1998) to provide for alternative financial assurance.

The process of changing financial assurance mechanisms is a time consuming, cumbersome and expensive process which Waste Management would admittedly prefer to avoid. As we have repeatedly stated throughout this process, we believe that insurance coverage provided by NGIC is a safe and effective financial assurance mechanism that is fully compliant with federal Subtitle D regulations and the solid waste regulations of most other states. Given that the problem concerning the approval of NGIC is due to newly adopted solid waste regulations of the Board (for which there is no experience or precedent in California), we sincerely appreciate your continued flexibility in allowing Waste Management to demonstrate the safe and effective attributes of this type of financial assurance mechanism under this new regulatory scheme.

Since receipt of your letter, Waste Management has reevaluated the statutory and regulatory framework and procedures for seeking approval of NGIC by the California DOI. It is Waste Management's intent to renew serious discussions with the California DOI as soon as practicable, but not later than January 31, 1998. Further, it is our intent to resubmit a renewed application for California DOI approval of NGIC by as soon as practicable within 60 of our renewed substantial discussions with the California DOI, but not later than March 31, 1998. In addition, it is our understanding that the months of December through March is an extremely busy period for the California DOI due to increased volumes of annual rate filings.